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1964

Fourth Annual Report

of

**MACASSA GOLD
MINES LIMITED**

December 31st, 1964

Including a Copy of the Reports of


RENABIE MINES LIMITED

and

MILTON QUARRIES LIMITED



ASSOCIATE LITTLE LONG LAC GOLD MINES LIMITED



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MACASSA GOLD MINES LIMITED

DIRECTORS AND OFFICERS:

JOHN D. BRYCE, *President and Director*
Toronto, Ontario.

J. GEORGE BOECKH, *Vice-President and Director*
Toronto, Ontario.

JOHN C. L. ALLEN, *Director*
Toronto, Ontario.

THEODORE D. CARLSON, *Director*
New York, N.Y.

P. K. HANLEY, *Director*
Toronto, Ontario.

C. C. HUSTON, *Director*
Toronto, Ontario.

ROBERT C. STANLEY, JR., *Director*
New York, N.Y.

B. A. ARGO, *Secretary-Treasurer*
Toronto, Ontario.

MALCOLM R. MACPHERSON, *Mine Manager, Macassa Division,*
Kirkland Lake, Ontario.

TRANSFER AGENT AND REGISTRAR:

NATIONAL TRUST COMPANY, LIMITED,
Toronto, Ontario.

AUDITORS: GUNN, ROBERTS AND Co., Toronto, Ont.

ANNUAL MEETING:

May 31st, 1965, 11.00 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto.

PRESIDENT'S REPORT

9 April, 1965.

To the Shareholders,
MACASSA GOLD MINES LIMITED:

Your directors submit herewith the Fourth Annual Report of your Company, which includes the following:

- (1) Financial Statement of Macassa Gold Mines Limited for the year ended December 31st, 1964, with the auditors' report thereon dated January 26th, 1965.
- (2) Report dated January 26th, 1965 of Mr. M. R. MacPherson, manager of the company's Macassa Division gold mine at Kirkland Lake, on operations of the mine for the year 1964.

You will note from the Statement of Income that the company net profit was \$1,250,019. (41¢ per share). However, you will also note from the Statement of Source and Application of Funds the company had a cash-flow of \$1,071,503. (32¢ per share). This discrepancy is due to the fact that the company received debentures from Wasamac Mines for the sale of part of its Bicroft plant and equipment.

MACASSA DIVISION

Mr. M. R. MacPherson's report provides a detailed summary of operations at the Macassa mine during 1964. There was a decrease in the operating profit at the mine of approximately \$200,000. This was due to increased development work necessary to provide water control for pumping the water flow from all the mines in Kirkland Lake, and extensive maintenance and repair work to mill equipment.

Ore reserves increased by 67,183 tons from January 1st, 1964.

The efficiency of the operation was adversely affected by the sharp increase in labour turnover. This problem is one faced by the whole mining industry of Canada.

BICROFT DIVISION

The bulk of the plant and equipment of the Bicroft Division was sold during the year. It is anticipated that the remainder of the plant and equipment will be disposed of this year.

OUTSIDE EXPLORATION

Nothing new has been done with regard to the Limerick nickel deposit. One other property was diamond drilled, with negative results, and the option was allowed to terminate.

During the year, the company purchased a gravel deposit in the Limehouse area, northeast of Metropolitan Toronto. A lease on the property was terminated and to date no new lease has been entered. It is felt that as present gravel pits are exhausted this deposit will become a valuable asset.

MACASSA GOLD
MINES LIMITED

At the year-end, your Company entered an agreement to explore and, if conditions justify, to develop and bring into production a group of silver, lead, zinc claims near Teslin in the Yukon Territories. A new company, Logjam Silver Mines Limited, has been formed and Macassa has agreed to expend the sum of \$265,000. to organize the new company and explore its property, in return for which Macassa will receive 1,600,000 shares of the authorized capital of the said company. Your directors believe this property has an excellent chance of becoming a profitable mine.

Your Company continues to hold a majority of the issued shares of both Renabie Mines Limited and Milton Quarries Limited, and included in this Annual Report for your information are the Annual Reports of such companies for the year 1964.

The co-operation and efforts of the managerial staff and employees of the company throughout the past year are gratefully acknowledged.

Submitted on behalf of the Board,

JOHN D. BRYCE,
President.

MACASSA GOLD MINES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Macassa Gold Mines Limited as at December 31, 1964 and the statements of income and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of income and retained earnings present fairly the financial position of the company as at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the accompanying statement of source and application of funds for the year ended December 31, 1964. In our opinion the statement presents fairly the sources and applications of funds for the year.

GUNN, ROBERTS AND CO.,

Chartered Accountants.

Toronto, Canada,
January 26, 1965.

MACASSA GOLD

(Incorporated under the laws of the Province of Ontario)

Balance Sheet

ASSETS

CURRENT ASSETS:

Cash	\$ 23,158	
Trust company short term deposits	1,462,000	
Bullion at net realizable value	189,979	
Marketable securities at cost (quoted market value \$29,500)	28,338	
Accounts receivable	26,264	
Amount receivable under the Emergency Gold Mining Assistance Act	63,139	
Prepaid expenses	29,073	\$1,821,951

SUPPLIES at average cost (Macassa Mine) 188,156

INTEREST IN OTHER COMPANIES:

Associated companies

Shares at cost (quoted market value \$258,000)	\$ 134,397	
Debentures at cost	450,000	
Advances	175,701	760,098

Subsidiary companies (note 1)

Shares at cost	1,055,561	
Advances	515,000	1,570,561

Other companies

Shares at cost (quoted market value \$682,000)	592,469	2,923,128
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FIXED ASSETS:

Buildings, machinery and equipment at cost (note 2)	326,151	
Less accumulated depreciation	70,219	
	255,932	
Mining properties (note 2)	1,630,978	
Gravel pit property — County of Halton, Ontario, at cost	150,300	2,037,210

OTHER ASSETS 63,832

\$7,034,277

MINES LIMITED

(Incorporated in the Province of Ontario)

December 31, 1964

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 229,938	
Taxes payable	36,342	\$ 266,280

SHAREHOLDERS' EQUITY:

Capital stock

Authorized — 4,000,000 shares of \$1 each		
Issued — 3,043,664 11/15 shares	3,043,665	
Contributed surplus — unchanged during the year	1,566,812	
Retained earnings	2,157,520	6,767,997

Approved on behalf of the Board:

J. D. BRYCE, Director.

J. GEORGE BOECKH, Director.

\$7,034,277

MACASSA GOLD MINES LIMITED

STATEMENT OF INCOME

For the year ended December 31, 1964

OPERATING REVENUE:

Bullion recovery	\$2,402,230	
Assistance under the Emergency Gold Mining Assistance Act	188,000	
		<u>2,590,230</u>

OPERATING EXPENSES:

Mine development	\$ 316,748	
Mining	1,005,707	
Milling	311,204	
Marketing expenses	17,508	
Mine office and supervision	52,155	
General expenses at the property	236,064	
Administrative and corporate expenses	96,968	
Ontario mining tax	27,000	2,063,354
		<u>2,063,354</u>

Operating profit, Macassa Division, before providing for depreciation	526,876
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DEDUCT:

Depreciation	28,437	
Outside exploration, net	338	28,775
		<u>28,775</u>
		498,101

OTHER INCOME:

Dividends from Renabie Mines Limited	160,001
Income from investments	89,738
Profit on sale of securities	46,453

Bicroft Division:

Sale of fixed assets previously written off	\$ 772,453	
Loss on sale of supplies	(144,560)	
General expenses re shut-down	(96,951)	530,942
		<u>530,942</u>
		827,134

Deduct loss on lease of gravel pit	75,216	751,918
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Net income for the year (note 5)	<u>\$1,250,019</u>
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MACASSA GOLD MINES LIMITED

STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1964

Balance January 1, 1964	\$1,516,234
Add net income for the year	1,250,019
	<u>2,766,253</u>
Deduct dividends paid	608,733
Balance December 31, 1964	<u>\$2,157,520</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1964

SOURCE:

Net income for the year	\$1,250,019	
Add back depreciation and other non-cash items	163,307	
	<u>1,413,326</u>	
Deduct debentures and shares of an associated company received on sale of Bicroft Division fixed assets	500,000	\$ 913,326
Proceeds of sale of Bicroft Division supplies		69,234
Sale of shares in associated companies less profit included in net income		13,943
Payment from subsidiary company re loan		75,000
Decrease in working capital		6,077
		<u>\$1,077,580</u>

APPLICATION:

Purchase of machinery and equipment	\$ 95,488
Purchase of gravel pit property	150,300
Dividends paid	608,733
Investment in associated companies	185,089
Advance to subsidiary company	30,000
Other items, net	7,970
	<u>\$1,077,580</u>

MACASSA GOLD MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1964

1. The financial statements of two of the partly owned subsidiary companies, Renabie Mines Limited and Milton Quarries Limited, have not been consolidated with those of the parent company as it is considered more informative to present separate financial statements of these companies.

The financial statements of the other partly owned subsidiary company, Jerd Petroleums Limited, have not been consolidated with those of the parent company because of the substantial minority interest (49.17%).

The company's proportion of the aggregate losses less profits of Renabie Mines Limited and Milton Quarries Limited for 1964 amount to \$65,612 and its proportion of the aggregate undistributed profits earned since acquisition of their shares amounts to \$613,670, no part of which has been taken into the financial statements of the parent company.

All of the expenditures of Jerd Petroleums Limited have been deferred and its accounts show neither profit nor loss from its incorporation to December 31, 1964.

2. Buildings, machinery and equipment represent only those of the Macassa Division located at Kirkland Lake, Ontario. Those of the Bicroft Division were written off in prior periods; subsequent sales of these are reflected in the statement of income.

Mining properties are shown at cost which was cost to the amalgamating company which originally owned the claims (Macassa Mines, Limited); the excess of book value over original cost recorded when the claims were sold to the other amalgamating company (Bicroft Uranium Mines Limited) in 1961 has been eliminated.

3. Subsequent to the date of the balance sheet the company has agreed to provide \$265,000 for exploration and development expenditures in another mining company.

There is a contingent liability in respect of a guarantee of \$270,000 loaned by Renabie Mines Limited to Milton Quarries Limited.

Outstanding commitments for the purchase of equipment amounted to approximately \$90,000.

4. Remuneration of directors, as such, was \$8,400 from Macassa Gold Mines Limited and \$7,200 from Renabie Mines Limited.
5. No income taxes are payable in respect of the 1964 income as the company will claim for tax purposes against the taxable portion of its income a portion of preproduction expenditures written off in prior periods.

Mr. John D. Bryce, President,
and Directors,
Macassa Gold Mines Limited,
Macassa Division,
Suite 400,
112 King Street West,
Toronto 1, Ontario.

Kirkland Lake, Ontario,
January 26, 1965.

GENERAL MANAGER'S REPORT

Gentlemen:

For your consideration, the following report on operations of the Macassa Division for the year 1964 is submitted. All figures are after audit.

PRODUCTION:

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Gross Recovery	\$2,402,229.52	\$2,437,830.60	\$2,305,613.75
Tons Milled	141,408	140,800	139,618
Recovery per Ton	\$16.99	\$17.31	\$16.51

In Canadian Funds, average prices per Troy ounce received for gold and silver were \$37.75 and \$1.39. Prices were the same in 1963.

Under the terms of the Gold Mining Act, it is estimated assistance will amount to \$188,000.00.

MILLING:

During 1964, a total of 141,408 tons of ore were milled, giving a calendar day average of 386.4 tons per day. Total recovery was 94.0%.

Comparative figures for 1963 are 385.4 and 93.6%.

Bullion recovery comprised 62,876.256 ounces of gold and 9,647.69 ounces of silver.

Since starting milling operations in 1933, a total of 3,816,232 tons of ore have been milled from which 1,594,596.71 ounces of gold and 254,382.93 ounces of silver have been recovered. The recovered value amounts to \$57,630,672.03, excluding cost aid, and is equivalent to \$15.10 per ton.

It will be noted that mill costs are up. This is due to a particularly heavy maintenance schedule to place 3 filters, 3 thickeners and one agitator back in good running order.

DEVELOPMENT AND EXPLORATION:

The major portion of the year's exploration was confined to the 5725, 5875, 6025, and 6125 foot Levels. The west side development is substantially completed on the first three levels and well advanced on the 6125' Level.

Further work on the east side of the mine at these horizons remains to be done.

The Ventilation Raise was completed from the 6025' Level to the 5600' Level.

ORE DEVELOPMENT SUMMARY 1964 — NEW ORE:

A total of 1,903 lineal feet of new ore grading 0.41 ounces per ton over an average width of 6.7 feet was developed in drifting during 1964.

MACASSA GOLD
MINES LIMITED

DEVELOPMENT SUMMARY:

<u>Year</u>	<u>Sinking</u>	<u>Sinking Equivalent</u>	<u>Drifting</u>	<u>Crosscutting</u>	<u>Raising</u>	<u>Diamond Drilling</u>
1964_____	—	—	8,317'	3,378'	2,029.5'	14,129'
1963_____	—	—	6,936'	2,355.5'	1,120.5'	14,255'
1962_____	80.5'	44'	3,356.5'	2,557.5'	1,494'	8,409'
Mine to Date	11,289'	1,288.5'	183,955'	56,550.5'	35,712.5'	444,377'

ORE RESERVES:

As at December 31, 1964, the technical estimate of the Ore Reserves, based on sampling from development faces, diamond drilling, and the extension of known veins from stoping operations is:

	<u>Tons</u>	<u>Ounces of Gold per Ton</u>	<u>Value of \$35.00 Gold</u>
Unbroken Ore _____	745,300	0.43	\$ 15.05
Broken Ore _____	35,692	0.37	\$ 12.95
Total and Average _____	<u>780,992</u>	<u>0.425</u>	<u>\$ 14.88</u>

NOTE: Dilution factor 10% applied to grade only.

Unbroken Ore Reserves are up 66,500 tons and Broken Ore Reserve is up 683 tons; therefore, Total Reserves are up 67,183 tons from January 1, 1964.

MINING:

Controlled sequence of stoping operations continues to be practised and 82% of the break in stoping operations came from filled and/or timbered working places. This figure was 76% in 1963. The total ore break from stoping operations was 127,477 tons, and 41,768 tons of waste were placed as backfill. Of this, 35,640 tons came from development headings.

WATER CONTROL:

The water control drive on the 4200' Level was completed with a new opening in good ground to the east on the 4200' Level. One access crosscut to the 4200 Pump Station is being driven.

On the 2475' and 4200' Levels pump stations close to No. 2 Shaft have been excavated and a shaft station constructed at the 4200' Level. Five dams and one bulkhead have to be constructed. A six inch discharge line from the 4200' Level to surface has been installed in No. 2 Shaft.

A new hydro line carrying 60 cycle power was placed into the property close to No. 2 Shaft. A new sub station of 2000 K.V.A. capacity was erected and all pump control apparatus is in place in the basement of No. 2 Shaft Hoistroom. In addition, the sub station supplies power to the new compressor at No. 1 Shaft which had been moved from Bicroft Division.

All shaft cable requirements for the pumps are on the property. These will be installed when the weather moderates. Delivery of four pumps and motors is expected on schedule this spring.

Total capital expenditure to date for this work is \$74,836, made up of \$37,854 for cable and pump controls, and \$36,982 for the transformer and sub station.

A further expenditure on operating account of \$69,396 was made, which includes rock work, and \$22,621 for discharge pipe line and installation.

COSTS:

	<u>1964</u>		<u>1963</u>	
	Tons Milled 141,408	Ozs. Produced 62,876.256	Tons Milled 140,800	Ozs. Produced 63,862.362
	Cost/Ton	Cost/Ounce	Cost/Ton	Cost/Ounce
Development	\$ 2.565	\$ 5.769	\$ 1.916	\$ 4.225
Mining	8.088	18.191	8.512	18.767
Milling	2.484	5.585	2.150	4.740
Undistributed Mine Operating Expenses	0.578	1.299	0.578	1.274
	<u>\$ 13.715</u>	<u>\$ 30.844</u>	<u>\$ 13.156</u>	<u>\$ 29.006</u>
Add:				
Depreciation	0.201	0.452	0.155	0.341
Ontario Mining Tax	0.191	0.429	—	—
Head Office Administration	0.720	1.620	—	—
	<u>\$ 14.827</u>	<u>\$ 33.345</u>	<u>\$ 13.311</u>	<u>\$ 29.347</u>

MAJOR OPERATING ACCOUNTS:

	<u>1964</u>	<u>1963</u>
Wages and Salaries	\$1,115,829.80	\$1,176,035.13
Supplies and Services	697,115.00	612,276.00
Power (Hydro)	106,078.43	104,080.17

CAPITAL EXPENDITURES:

The total capital account for the year was \$108,300.74. The amount reflects expenditures on replacement for worn out equipment and for water control.

Major items included in the above amount are replacement of one 150 H.P. boiler \$6,927, replacement engine for auxiliary power \$3,181, power cable new compressor \$6,613, transferred from Bicroft Division accounts to Macassa Division accounts \$11,311 for mill pumps and rock drills, and, as previously noted, \$74,836 for water control items.

ACKNOWLEDGMENT:

The support of the President and Board of Directors, the co-operation and efforts of Department Heads, Mine Staff and Employees throughout the year are sincerely and gratefully acknowledged.

Respectfully submitted,

M. R. MacPHERSON,
Manager.

Twenty-Fourth Annual Report

RENABIE MINES LIMITED

Year Ended December 31, 1964.

HEAD OFFICE:

Suite 400, 112 King Street West,
Toronto 1, Ontario.

MINE OFFICE:

Renabie, Ontario.

OFFICERS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

J. GEORGE BOECKH, *Vice-President*
Toronto, Ontario.

B. A. ARGO, *Secretary-Treasurer*
Toronto, Ontario.

DIRECTORS:

JOHN C. L. ALLEN	-	-	-	-	-	-	-	Toronto, Ontario
B. A. ARGO	-	-	-	-	-	-	-	Toronto, Ontario
J. GEORGE BOECKH	-	-	-	-	-	-	-	Toronto, Ontario
J. D. BRYCE	-	-	-	-	-	-	-	Toronto, Ontario
P. K. HANLEY	-	-	-	-	-	-	-	Toronto, Ontario
C. C. HUSTON	-	-	-	-	-	-	-	Toronto, Ontario
ROBERT C. STANLEY, JR.	-	-	-	-	-	-	-	New York, N.Y.

W. A. MOORE, *Mine Manager*
Renabie, Ontario.

TRANSFER AGENT AND REGISTRAR:

EASTERN & CHARTERED TRUST COMPANY
Toronto, Ontario.

AUDITORS:

GUNN, ROBERTS AND Co.,
Toronto, Ontario.

ANNUAL MEETING:

May 31st, 1965, 10:00 A.M., Toronto Time,
Boardroom, Suite 400, 112 King Street West, Toronto.

PRESIDENT'S REPORT

9th April, 1965.

To the Shareholders,
RENABIE MINES LIMITED.

We present herewith the Twenty-fourth Annual Report of your company, for the year ended December 31st, 1964, together with accompanying Financial Statements and the Reports of your Auditors thereon.

During the period, the mill treated 171,830 tons of ore, from which was recovered bullion having a gross value of \$1,222,728., to which may be added the estimated amount receivable under the Provisions of The Emergency Gold Mining Assistance Act of \$338,702., making the total income derived from the operation \$1,561,430.

From May to October, the operation suffered from an acute shortage of labour. This resulted in a lower tonnage and poorer grade of ore treated, which adversely affected the profit. Renabie, along with all the Canadian mining industry, will continue to suffer with this problem until the Federal government adopts a more realistic immigration policy rather than the shortsighted, politically motivated one at present in force.

The Company continued its policy with regard to deferred development. The cash-flow position of the Company dropped to \$226,506. (21¢ per share) and the net profit to \$18,865.

During the year more ore was prepared for mining than in previous years. Also, 79,500 tons of low-grade ore was withdrawn from the ore reserves. It was felt that this ore was no longer economic with present costs. Naturally, it will still be available if there is ever an increase in the price of gold.

An agreement was entered into with the Anaconda Company of Canada to explore their claims to the north of the company's property, on which there was a good surface showing. Unfortunately, this did not develop into anything of commercial interest after diamond drilling, and the agreement was terminated.

Two dividends of 10¢ each were paid during the year, amounting to \$210,001., which brings the total amount of dividends disbursed since commencement to \$1,743,008. (\$1.66 per share).

The report of your Mine Manager contains a review of developments for the year, and we are glad to take this opportunity of expressing our appreciation of the satisfactory manner in which Mr. W. A. Moore and his staff have conducted their operations under trying circumstances during the past year.

On behalf of the Board,

JOHN D. BRYCE,
President.

MANAGER'S REPORT

Thursday, March 11th, 1965.

Mr. John D. Bryce, President,
and Directors,
Renabie Mines Limited,
Toronto, Ontario.

Gentlemen:

I submit for your consideration a report on operations at Renabie Mines Limited for the year ended December 31st, 1964.

Production: The following figures show the production for 1964, with comparable figures for 1963, and 1962.

	<u>1964</u>	<u>1963</u>	<u>1962</u>
Gross recovery	\$1,222,728.05	\$1,313,018.18	\$1,353,536.70
Tons milled	171,830	182,552	198,019
Recovery per ton	\$7.116	\$7.19	\$6.84

The average Mint Settlement value per ounce of gold was \$37.76, the same as in 1963. The average price received for silver was \$1.39 per ounce. Under the Provisions of The Emergency Gold Mining Assistance Act, it is estimated that the Company is entitled to receive \$338,702.44 for the year, which is \$1.971 per ton milled, or \$10.57 per ounce recovered, compared to \$271,863.44 for 1963.

Milling: The average tons milled per day in 1964 was 469.6, as compared to 500.1 in 1963. Bullion recovery comprised 32,034.85 ounces of gold, and 9,328.41 ounces of silver.

From the commencement of milling operations (July 1947), 2,824,067 tons of ore have been milled, from which has been recovered 582,619.65 ounces of gold and 181,205.44 ounces of silver, having a gross recovered value of \$21,085,259.36, equivalent to \$7.47 per ton milled, exclusive of cost-aid.

There were no changes in the mill circuit during the year. The recovery improved from 94.8% in 1963 to 95.5% in 1964. Due to the lower tonnage treated, the over-all milling cost per ton increased slightly to \$1.97 as compared to \$1.83 in 1963.

Development: During the year, the ore on the 2175 level was prepared for mining, the crosscutting was completed on the 2325 level to the Q and R zones, the diamond drilling was 85% completed on the 2325 level, and stope preparation work was started. The 2475 Crosscut was driven to within 180' of the point where we start the Drift West from which we will diamond drill the ore.

We will have more ore of a better grade on the 2325 level than we have had for several levels.

A total of 127,000 tons of ore was prepared for mining in 1964, compared to 125,000 tons in 1963.

	<u>1964</u>	<u>1963</u>	<u>Total to Date</u>
Drifting	2,821.0	2,933.5	38,207.7
Crosscutting	1,847.5	1,533.5	19,973.8
Raising	1,108.0	1,523.5	24,608.4
Shaft Sinking			3,256.5
Station Cutting (Shaft Equivalent)			1,892.9
Diamond Drilling	27,356.0	16,789.0	252,097.0

Ore Reserves: It was decided to withdraw 79,500 tons of low grade ore in the 'C' zone from the ore reserves. The total ore reserves decreased to 245,324 tons, compared to 301,932 tons in 1963, but as the grade of ore improved from 0.21 ozs. per ton to 0.28 ozs. per ton, the total estimated ounces represented by the 245,324 tons is higher than the ounces represented by the 301,932 tons. The technical position of ore reserves at the year end, after allowing for dilution and without including any ore below the 2325 level was as follows:

	<u>Tons</u>	<u>Ounces Per Ton</u>	<u>Value \$35.00 Gold</u>
Unbroken Ore	196,471	0.30	\$ 10.50
Broken Ore	48,853	0.19	6.65
	<u>245,324</u>	<u>0.28</u>	<u>\$ 9.80</u>

Operating Costs: The operating and other costs per ton and per ounce of gold recovered were as follows:

	<u>1964</u>		<u>1963</u>	
	<u>Tons Milled</u>	<u>Ozs. Recovered</u>	<u>Tons Milled</u>	<u>Ozs. Recovered</u>
	171,830	32,034.85	182,552	34,413.82
	<u>Per Ton</u>	<u>Per Oz.</u>	<u>Per Ton</u>	<u>Per Oz.</u>
Development and Exploration	\$ 2.35	\$ 12.61	\$ 2.39	\$ 12.70
Mining	3.49	18.73	3.12	16.57
Milling	1.97	10.58	1.83	9.68
Undistributed Operating Charges including Administration and Head Office .....	.79	4.21	.65	3.44
	<u>\$ 8.60</u>	<u>\$ 46.13</u>	<u>\$ 7.99</u>	<u>\$ 42.39</u>
Depreciation .....	.52	2.81	.56	2.96
Provision for Municipal, Federal and Provincial Taxes .....	.01	.04	.06	.33
	<u>\$ 9.13</u>	<u>\$ 48.98</u>	<u>\$ 8.61</u>	<u>\$ 45.68</u>

Capital Expenditures for 1964 amounted to \$54,399.19 and, briefly summarized, were as follows:

Underground Equipment	\$22,457.80
Standby Power Plant	\$21,244.21
Miscellaneous	\$10,697.18

Labour: There were 337 hirings and 347 separations in 1964, compared to 367 hirings and 354 separations in 1963. At the end of the year there were 94 men employed underground, and the total number of employees was 182.

The community of Renabie consisted of 62 families, and a total population of 390. The present enrolment of the Public School is 67 pupils.

The support of the Officers of the Company, and the co-operation of the mine staff and employees are sincerely and gratefully acknowledged.

Respectfully submitted,

W. A. MOORE,
Manager.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Renabie Mines Limited as at December 31, 1964 and the statements of income and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of income and retained earnings present fairly the financial position of the company as at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the accompanying statement of source and application of funds for the year ended December 31, 1964. In our opinion the statement presents fairly the sources and applications of funds for the year.

GUNN, ROBERTS AND CO.,
Chartered Accountants.

Toronto, Canada,
January 29, 1965.

RENABIE MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

Balance Sheet—December 31, 1964

ASSETS		1963 for Comparison
CURRENT ASSETS		
Cash	\$ 11,242	\$ 18,025
Trust company short term deposits	121,000	211,031
Bullion at net realizable value	105,519	94,998
Accounts receivable	2,089	4,001
Amount receivable under the Emergency Gold Mining Assistance Act	130,520	95,413
Prepaid expenses	12,156	10,036
	<u>382,526</u>	<u>433,504</u>
SUPPLIES at average cost	238,715	243,048
INTEREST IN OTHER COMPANIES		
Loan to associated company	400,000	400,000
Shares in associated company at cost	60,263	60,267
	<u>460,263</u>	<u>460,267</u>
FIXED ASSETS at cost		
Buildings, machinery and equipment	2,851,208	2,821,514
Less accumulated depreciation	2,454,924	2,387,165
	<u>396,284</u>	<u>434,349</u>
Mining properties	77,112	77,112
	<u>473,396</u>	<u>511,461</u>
DEFERRED CHARGES		
Shaft sinking and other expenditures less amounts written off	70,339	184,350
Operating expenditures deferred	13,159	5,640
	<u>83,498</u>	<u>189,990</u>
	<u>\$1,638,398</u>	<u>\$1,838,270</u>

LIABILITIES		1963 for Comparison
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 128,996	\$ 125,227
Ontario mining tax	—	12,505
	<u>128,996</u>	<u>137,732</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 1,500,000 shares of \$1 each		
Issued — 1,050,005 shares	1,050,005	1,050,005
Less discount on shares	620,455	620,455
	<u>429,550</u>	<u>429,550</u>
Retained earnings	1,079,852	1,270,988
	<u>1,509,402</u>	<u>1,700,538</u>
	<u>\$1,638,398</u>	<u>\$1,838,270</u>

Approved on behalf of the Board:

J. D. BRYCE, Director.

J. GEORGE BOECKH, Director.

RENABIE MINES LIMITED

STATEMENT OF INCOME

For the year ended December 31, 1964

		1963 for Comparison
OPERATING REVENUE		
Bullion recovery	\$1,222,728	\$1,313,018
Assistance under the Emergency Gold Mining Assistance Act	338,702	282,009
	<u>1,561,430</u>	<u>1,595,027</u>
OPERATING EXPENSES		
Mine development (note 2)	352,657	401,768
Mining	523,957	492,243
Milling	286,828	288,801
Marketing expenses	8,995	9,620
Mine office and supervision	79,039	60,957
General expenses at the property	196,029	164,129
Administrative and corporate expenses	38,721	53,044
Ontario mining tax	(5,900)	5,724
	<u>1,480,326</u>	<u>1,476,286</u>
Operating profit before depreciation	<u>81,104</u>	<u>118,741</u>
DEDUCT:		
Depreciation	90,000	101,907
Outside exploration	14,103	—
	<u>104,103</u>	<u>101,907</u>
	(22,999)	16,834
Interest received	41,864	27,129
Net income for the year	<u>\$ 18,865</u>	<u>\$ 43,963</u>

NOTES:

1. The remuneration of directors, as such, was \$7,200 in 1964 (\$8,100 in 1963).
2. Mine development expenses includes deferred development write-offs of \$114,011 in 1964 (\$205,544 in 1963).

RENABIE MINES LIMITED

STATEMENT OF RETAINED EARNINGS

For the year ended December 31, 1964

		1963 for Comparison
Balance January 1	\$1,270,988	\$1,447,516
Net income for the year	18,865	43,963
	<u>1,289,853</u>	<u>1,491,479</u>
DEDUCT:		
Loss on sale of securities	—	10,490
Dividends paid	210,001	210,001
	<u>210,001</u>	<u>220,491</u>
Balance December 31	<u>\$1,079,852</u>	<u>\$1,270,988</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1964

SOURCE

Net income for the year	\$ 18,866	\$ 43,963
Add back depreciation and other non-cash items	205,176	307,451
Funds provided from operations	<u>224,042</u>	<u>351,414</u>
Sale of fixed assets	2,464	1,200
Decrease in working capital	42,242	14,638
	<u>\$ 268,748</u>	<u>\$ 367,252</u>

APPLICATION

Additions to fixed assets	\$ 54,399	\$ 95,201
Purchase of shares of another company	—	1,872
Loss on sale of securities	—	10,490
Dividends paid	210,001	210,001
Other items, net	4,348	49,688
	<u>\$ 268,748</u>	<u>\$ 367,252</u>

MILTON QUARRIES LIMITED

Report

December 31st, 1964.

HEAD OFFICE

Suite 400, 112 King St. West
Toronto, Ontario.

QUARRY OFFICE

Milton, Ontario.

DIRECTORS:

JOHN D. BRYCE, *President*
Toronto, Ontario.

J. GEORGE BOECKH
Toronto, Ontario.

C. A. POYNTON
Milton, Ontario.

JOHN C. L. ALLEN
Toronto, Ontario.

P. K. HANLEY
Oakville, Ontario.

B. A. ARGO
Toronto, Ontario.

A. GEORGE WILSON, *Secretary-Treasurer*
Toronto, Ontario.

MILTON QUARRIES LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Milton Quarries Limited as at December 31, 1964 and the statements of income and deficit for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of income and deficit present fairly the financial position of the company as at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We have also examined the accompanying statement of source and application of funds for the year ended December 31, 1964. In our opinion the statement presents fairly the sources and applications of funds for the year.

GUNN, ROBERTS AND CO.,
Chartered Accountants.

Toronto, Canada,
January 21, 1965.

MILTON QUARRIES LIMITED

(Incorporated under the laws of the Province of Ontario)

Balance Sheet, December 31, 1964

ASSETS		1963 for Comparison
CURRENT ASSETS:		
Cash	\$ 160,099	\$ 145,563
Government of Canada bonds at cost (market value 1964 \$4,940; 1963 \$4,340)	5,541	5,541
Accounts receivable less allowance for doubtful accounts	150,551	226,516
Truckers' contract deposits (see contra)	6,993	—
Inventories of crushed stone and broken rock at estimated cost	61,529	60,361
Supplies at cost	24,164	18,345
Prepaid expenses	10,026	4,222
	<u>418,903</u>	<u>460,548</u>
FIXED ASSETS at cost:		
Land	171,323	171,323
Buildings, plant and equipment	1,392,403	1,382,740
	<u>1,563,726</u>	<u>1,554,063</u>
Less accumulated depreciation and depletion	810,208	700,895
	<u>753,518</u>	<u>853,168</u>
DEFERRED CHARGES:		
Drilling and stripping expenditures	16,144	32,627
Prepaid royalties	29,995	—
Organization expenses	2,404	2,404
	<u>48,543</u>	<u>35,031</u>
	<u>\$1,220,964</u>	<u>\$1,348,747</u>
LIABILITIES		1963 for Comparison
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 71,636	\$ 23,062
Truckers' contract deposits (see contra)	6,993	—
Accrued interest on loans	121,087	122,789
	<u>199,716</u>	<u>145,851</u>
Loans payable		
Macassa Gold Mines Limited (parent company)	485,000	560,000
Renabie Mines Limited (affiliated company)	400,000	400,000
	<u>1,084,716</u>	<u>1,105,851</u>
SHAREHOLDERS' EQUITY:		
Capital stock		
Preference shares, 6% non-cumulative redeemable at par		
Authorized — 9,000 shares of \$100 each		
Issued — 4,000 shares	400,000	400,000
Common shares		
Authorized — 100,000 shares of no par value		
Issued — 100,000 shares	15,005	15,005
	<u>415,005</u>	<u>415,005</u>
Deduct deficit	278,757	172,109
	<u>136,248</u>	<u>242,896</u>
Approved on behalf of the Board:	<u>\$1,220,964</u>	<u>\$1,348,747</u>

JOHN D. BRYCE, Director.

B. A. ARGO, Director.

MILTON QUARRIES LIMITED

Statement of Income

For the year ended December 31, 1964

		1963 for Comparison
Income from operations before deducting depreciation and depletion	\$ 29,470	\$ 85,064
DEDUCT:		
Depreciation	135,803	162,934
Depletion	315	1,225
	136,118	164,159
Loss for the year	<u>\$ 106,648</u>	<u>\$ 79,095</u>

Statement of Deficit

For the year ended December 31, 1964

		1963 for Comparison
Deficit at beginning of year	\$ 172,109	\$ 92,807
ADD:		
Loss for the year	106,648	79,095
Adjustment of prior years' taxes	—	207
Deficit at end of year	<u>\$ 278,757</u>	<u>\$ 172,109</u>

Statement of Source and Application of Funds

For the year ended December 31, 1964

		1963 for Comparison
SOURCE:		
Depreciation and other items not requiring cash outlay	\$ 152,600	\$ 165,278
Deduct loss for the year	106,648	79,095
Funds provided from operations	45,952	86,183
Sale of fixed assets	9,750	26,788
Decrease in working capital	95,511	76,457
	<u>\$ 151,213</u>	<u>\$ 189,428</u>
APPLICATION:		
Purchase of fixed assets	\$ 46,218	\$ 131,843
Payment on loan	75,000	39,797
Prepayment of royalties	29,995	—
Drilling and stripping expenditures deferred	—	17,581
Other items	—	207
	<u>\$ 151,213</u>	<u>\$ 189,428</u>

- (1) develop more sector for
urban water control system
- (2) Work shaft sinking start before end of year
- take two years
- (3) Renewable better years in profit
- (4) Prior in some quarters better years
- (5) Testin damin - 9 series - silver & d - must drive dirt & diff & drill
- in about two

\$140,785 in 1st quarter

Q - What is future of labor turnover - any hopes?

A - Frankly, I don't see any improvement in labor
if man can make as much in urban community,
why work in a mine

Whole industry is sending recruits to areas designated by NBS